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MEMORANDUM

TO: Legislative Audit Committee Members

FROM: Jim Pellegrini, Deputy Legislative Auditor, Performance Audits

DATE: August 2004

RE: Follow-up Performance Audit:
Rest Area Program (02P-10)
Montana Department of Transportation

INTRODUCTION

We presented our performance audit of the Montana Department of Transportation (MDT) Rest Area Program to the Legislative Audit Committee in December 2002. The report contains 6 recommendations to MDT, which contain 13 specific parts. The recommendations relate to:

- ♦ The Rest Area Plan (RAP)
- ♦ The City Park Rest Area Program (CPRA)
- ♦ Rest Area Visitor Information
- ♦ Evaluations and Complaint Tracking
- ♦ Pet Areas
- ♦ Compiling Cost Information

We requested and received information from MDT personnel regarding progress toward implementation of our report recommendations. We then interviewed MDT personnel, reviewed related documentation, and conducted observations to verify implementation of each recommendation. This memo provides background information and our conclusion on each recommendation's implementation status.

Overview

According to the department response on its progress, all recommendations have been implemented. However, based on our follow-up review, the department has not fully implemented the audit recommendations. It appears the department is working toward implementation of the majority of recommendations. There is one part which we do not believe the department has implemented: it is related to the rest area evaluation form. One of the main changes to the program was a change in the contracting process, which switched from a point-scoring process to a low-bid process. The caretaker contract now contains more detail on rest area responsibilities. This change was initiated by MDT and was not a recommendation in the audit, which caused some confusion among MDT personnel and caretakers. According to the department, this change was made to address inconsistencies with the program.

BACKGROUND

The inception of rest areas came from a provision of the Federal-Aid Highway Act of 1938. Rest area growth began with passage of the Interstate Highway Act of 1956 and the Highway Revenue Act of 1956 (which established the Highway Trust Fund), and then gained momentum with the passage of the Highway Beautification Act of 1965.

In Montana, rest area development paralleled highway development. Some rest area facilities still in operation today were built in the early 1970's. Early rest area spacing was inconsistent, varying from 20 miles to over 80 miles on Interstates. The primary highway system generally offered fewer and farther spaced rest areas. In the mid to late 1980's, internal studies revealed the number of rest areas available in Montana was inadequate. Attempts were made to improve Montana's rest area planning by providing long-term guidance for future construction, maintenance, and abandonment decisions.

As defined by the American Association of State Highway and Transportation Officials, a rest area is a roadside area with parking spaces separated from the roadway, provided for travelers to stop and rest for short periods. In Montana, rest area facilities may include restrooms with sinks, picnic tables, water fountains, pay phones, trash containers, information displays, and pet areas.

FOLLOW-UP AUDIT FINDINGS

The following table shows the implementation status of the recommendations made in the audit.

<u>Recommendation Status</u>	
Implemented	4
Being Implemented	4
Partially Implemented	4
Not Implemented	<u>1</u>
TOTAL	13

Based on our follow-up review, it appears the majority of recommendations are at some stage of implementation.

Recommendation #1

We recommend:

- A. The Planning Division develop formal procedures to ensure all aspects of the RAP are reviewed on a regular basis and reported to the Transportation Commission.
- B. The department management team coordinate statewide plan priority setting in conjunction with the Transportation Commission.

Status:

A. Implemented

In response to our recommendation, the department designed a decision-making process for annually updating the RAP and presenting a status report to the Transportation Commission. The first update was presented to the Transportation Commission at its April 2004 meeting.

B. Implemented

Given the many unmet transportation needs in Montana, rest area needs are assessed in the context of other highway needs and funding levels. According to MDT officials, rest area projects will continue to compete for funding with other highway construction projects. Beginning in November 2003, MDT staff and Transportation Commissioners participated in a priority-setting process for all highway projects, including rest areas. The result of this process was the department's prioritized "tentative construction program". The department plans to continue this process annually.

Recommendation #2

We recommend the department:

- A. Update the RAP to reflect the temporary status, availability of funding, service levels, and long-range planning impacts of the CPRA program.
- B. Establish a process for ongoing review and update of the RAP to inform the Transportation Commission of changes in the status of CPRA facilities.

Status:

A. Being Implemented

At the time of the audit, the CPRA program did not fit the direction of MDT's rest area program, and the unresolved status of the CPRA program was not conducive to orderly or comprehensive planning. As such, the intent of our recommendation was to update the RAP to indicate the temporary status of the CPRA program and the department's intention of phasing the program out. MDT did not draft phase-out options for the CPRA program to present to the Transportation Committee as originally planned; instead, because of funding shortfalls, department officials decided to amend the RAP with a policy statement to include the CPRA program as part of a long-term solution. MDT requested an amendment to the RAP to provide monetary assistance for maintenance to cities with existing CPRA facilities. The department's request was presented to the Transportation Commission at its April 2004 meeting and the Commission approved the amendment. This recommendation will be fully implemented once the department prints and distributes the updated RAP to include this policy change.

B. Implemented

The department plans to include a status update of all rest areas, including CPRA facilities, in its new annual RAP review process.

Additional Information

During our follow-up work, we reviewed information related to the Running Buffalo CPRA. While this facility received funding under the CPRA program, it was not completed and is not open. It is the only CPRA facility of 14 total facilities that was unsuccessful. The department's rest area status report shows this facility as "inactive".

The facility is located at the intersection of U.S. Highway 2 and Montana Highway 13 near Wolf Point. An agreement between MDT and the Fort Peck Assiniboine and Sioux Tribes (Tribe) was signed in June 1997 and construction of the new facility began. Approximately \$225,000 was expended on the project, of which MDT obligated about \$83,000 and the Tribe funded the

remaining balance. However, the facility was not completed and is not operational. Both the Tribe and MDT elected to not allocate additional funds to the project. As a result, the facility has been sitting idle for several years. Since the Tribe did not meet its obligations under the CPRA agreement, MDT decided to not forgive the debt. The Tribe has indicated it cannot repay the debt, so MDT is considering other alternatives for recouping its costs toward the project. MDT is currently considering the potential for obtaining right-of-way easements on a highway construction project in lieu of payment. To date, MDT has not recouped any of its costs. The following figure shows the Running Buffalo CPRA.

Figure 1
Running Buffalo CPRA



Source: Compiled by the Legislative Audit Division from department records.

Recommendation #3

We recommend the department:

- A. Design standardized information content and presentation for rest areas.
- B. Assign information posting and maintenance responsibilities.
- C. Establish a process for regularly updating rest area information.

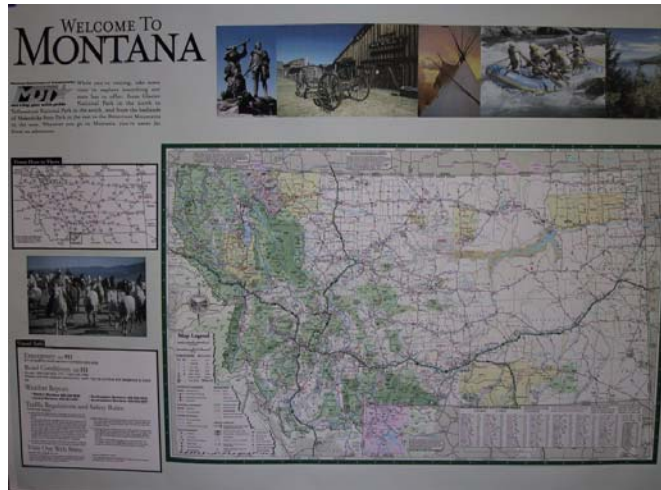
Status:

A. Being Implemented

The department created a new information display including a large state highway map and traveler information. This new display was posted at the Lost Trail Pass facility, which was specifically noted in the original audit report (page 36) as being inferior to Idaho's sign. MDT also plans to display the new information at the new rest area facility at Lookout Pass; however, the facility opening was delayed so the information was not posted as of May 12, 2004. The following photographs show the new display signs, as well as the Lost Trail Pass facility.

Figure 2

Photos of New Information Displays



Lost Trail Pass side-by-side comparison



Source: Compiled by the Legislative Audit Division.

MDT plans to replace information displays at existing facilities, and according to department personnel, as of June 2004, all but 10 rest areas had posted information replaced. While the department plans to use the new display statewide, the existing rest areas we visited during May and June 2004 did not have the new displays. In addition, according to department personnel, new display cases were purchased a few years ago; however, a decision was made to not install the new cases due to the age and condition of some facilities and not wanting to expend money for upgrades. The department plans on using existing display cases to house new information displays.

B. Partially Implemented

At the time of the audit, the caretaker contract was general in nature and the scope of work was detailed in the applicants' proposal for bid. As a result, it was not clear who was responsible for information posting and maintenance. The main change to the rest area program, since completion of the audit, relates to the contracting process. During the audit, the department used a selection committee process that included weighted scores and reference checks. Since the audit, MDT changed this process to a low-bid process. As part of this change, the department's standard caretaker contract was expanded to include specific details on rest area caretaker requirements. The new contract provides more clarity in this area. MDT is responsible for approving all maps and brochures displayed in the rest area, and the caretaker is responsible for repair and maintenance. As existing rest areas re-bid under the new process, new contracts will replace old contracts and responsibilities in this area should become clearer. However, the new contract language does not contain specific details on responsibilities for ensuring all information displayed at rest areas is readable and updated/replaced on a regular basis. According to department personnel, MDT staff who inspect rest areas are responsible for ensuring posted information is up-to-date and readable. Review of the inspection form indicates a category for evaluating the "information display". However, during our follow-up visits we noted rest area information displays with "hard to read" information, so while there is a process in place, its effectiveness appears to be limited.

C. Partially Implemented

The department formed a committee made up of various MDT personnel to address information posting. The responsibility for updating information posted at rest areas was taken out of the field and placed with this committee. Each district is responsible for inspecting the condition of posted information. The new display includes an area for local events and services, but as mentioned under part B above, the process to ensure rest area information is updated regularly could use more attention. While the new caretaker contract delineates responsibilities, it does not define how or when information in rest area displays should be replaced and updated.

Recommendation #4

We recommend the department:

- A. Modify the evaluation form to include documentation of follow-up/resolution.
- B. Enforce policy on completing monthly evaluations through increased supervision.
- C. Implement a formal rest area complaint tracking system, including changing its current method of contractor involvement.

Status:

A. Not Implemented

While MDT modified the evaluation form several times since the audit, none of these modifications related to adding an area for follow-up/resolution. The modifications to the form relate to changing the evaluation system from a “mark the appropriate column” process to a “numbering scale from one to five” process used to evaluate conditions. According to MDT personnel, the process itself addresses follow-up/resolution, not the form. If an issue is identified during an inspection, the following month’s inspection is the follow-up. We reviewed a sample of files to determine if follow-up/resolution of identified issues has changed. We found similar issues to those identified in the original audit. Issues are noted on a monthly evaluation form, but issue resolution is not always noted in subsequent evaluations. As a result, while the process may ensure further review, the form does not promote adequate documentation.

B. Implemented

We reviewed a sample of rest area files to determine if evaluations are completed monthly according to MDT policy. We identified rest areas in which evaluations were not completed monthly, which was the case during the original audit. However, subsequent to our review, department personnel informed us of a new process for tracking rest area inspections through Helena headquarters. Copies of all inspections are forwarded to Helena and MDT personnel compile a spreadsheet of dates. If an inspection is not received for a specific month, Helena personnel notify the appropriate district maintenance personnel. Our review of the Helena spreadsheet indicated almost 100 percent compliance with the monthly inspection policy for calendar year 2003. Follow-up with field personnel for one rest area indicated missing inspection forms were located in a separate file.

C. Partially Implemented

There has not been a major change in the rest area complaint process. The department does not have a comprehensive formal complaint tracking system. Currently, as occurred in the past, phone numbers for the caretaker and MDT are posted at rest areas for people to call with complaints. While the new contract requires letters of complaint received by the caretaker to be forwarded to the department, it does not address in-person or telephone complaints received by the caretaker. While there are comment/complaint boxes at the new rest areas, this is not a statewide standard. Department officials do not believe it would be cost effective to implement a management system. However, we still believe some form of tracking system for rest area complaints is needed to help in evaluating caretaker performance, as well as rest area needs.

Recommendation #5

We recommend the department develop design, location, and maintenance standards for pet areas to ensure all areas are clearly designated, safe, and in useable condition.

Status:

Being Implemented

MDT has not developed statewide standards for pet area design, location, and maintenance. However, department officials indicate there are standards that prohibit people from crossing approaches entering and exiting rest areas. The department’s response to our request for a status

update regarding this recommendation was, “All rest areas have designated pet areas with proper signing.” While we did not visit all rest areas as part of our follow-up, our original audit identified rest areas that were not clearly marked, were not easily accessible, or appeared to subject visitors with pets to potentially unsafe situations. Some of these areas still exist. For example, the pet area at the westbound Quartz Flat Rest Area (between Alberton and Superior) is located between the rest area parking lot and the Interstate. However, there are large, open areas at both ends of the grounds, as well as a large open area in back of the facilities. The current pet area location appears to subject visitors to unnecessary safety hazards by requiring them to cross the parking lot and exercise their pets next to the Interstate when there appears to be more acceptable locations available. Department officials indicated the Quartz Flat pet area would be moved by June 18, 2004. However, based on our original audit findings, other rest areas should be reviewed to ensure all pet areas are acceptable. The following photos show the Quartz Flat pet area prior to changes planned by MDT.

Figure 3
Quartz Flat Pet Area and Potential Replacement Area
(West bound side)



Current
Pet Area



Potential
Replacement
Area:
Open Area on
West End



Potential
Replacement
Area:
Open Area in
Back of
Facility

Source: Compiled by the Legislative Audit Division.

Recommendation #6

We recommend the department:

- A. Continue to compile comparative cost information.
- B. Establish an ongoing process for compiling and analyzing data to determine if in-house or contracted maintenance is more cost effective.

Status:**A. Being Implemented**

MDT purchasing personnel maintain a listing of current rest area caretaker contracts, including costs. The department also maintains cost data on its Maintenance Management System (MMS). The department continues to compile in-house maintenance costs for the Sweetgrass Rest Area, which opened in June 2002.

B. Partially Implemented

The department has not established a process for analyzing cost information. As mentioned under part A of this recommendation, the department's Administration Division maintains a listing of current caretaker contract costs. However, this listing does not include costs for the Sweetgrass Rest Area, which is maintained by MDT personnel. As a result, the department's contractor listing does not allow a comparison between contracted and in-house costs. According to department personnel, analysis of in-house maintenance costs is being delayed until one full season of operation is realized.

The MMS, which is managed by the Maintenance Division, contains cost data for all maintenance operations, including rest areas. As identified in the original audit, there are noticeable differences in rest area costs, as well as some significant increases from year to year. Even though cost information is available, the department has not created a process for analyzing rest area costs.

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